ACADIA-ST. LANDRY HOSPITAL
SERVICE DISTRICT
FINANCIAL REPORT
JUNE 30, 2012

CONTENTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Acadia-St. Landry Hospital Service District
Church Point, Louisiana

We have audited the accompanying basic financial statements of Acadia-St. Landry Hospital Service District, a component unit of the Acadia Parish Police Jury, as of and for the years ended June 30, 2012 and 2011, as listed in the table of contents. These financial statements are the responsibility of the Hospital Service District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Acadia-St. Landry Hospital Service District as of June 30, 2012 and 2011, and the results of operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 26, 2012, on our consideration of Acadia-St. Landry Hospital Service District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Hospital Service District has not presented management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

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Our audits were conducted for the purposes of forming opinions on the basic financial statements that collectively comprise the Hospital Service District's financial statements taken as a whole. The accompanying schedules of net patient service revenues, schedules of other operating revenues, schedules of operating revenues and expenses, schedules of departmental direct operating revenues and expenses, schedules of departmental direct and general operating expenses and the schedules of board fees are presented for purposes of additional analysis and are not a required part of the financial statements. The information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Broussard, Poché, Lewis & Breaux L.L.P.

Crowley, Louisiana
December 26, 2012

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT

BALANCE SHEETS
June 30, 2012 and 2011

	2012	2011
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 1,308,928	$ 1,304,846
Patient accounts receivable, net of estimated uncollectibles of $610,000 and $645,000 for 2012 and 2011, respectively	1,360,991	1,285,776
Inventories	245,923	222,720
Prepaid expenses	51,213	53,003
Estimated third-party payor settlements	1,022,785	586,744
Short-term investments	70,088	580,234
Other receivables	21,592	34,746
Total current assets	$ 4,081,520	$ 4,068,069
OTHER ASSETS		
Investment in joint venture	$ -	$ 11,510
Other long-term investments	2,105,267	1,818,234
Total other assets	$ 2,105,267	$ 1,829,744
CAPITAL ASSETS		
Property, plant, and equipment, at cost, less accumulation depreciation of $4,018,118 and $3,831,380 for 2012 and 2011, respectively	$ 1,959,639	$ 1,605,131
Total assets	$ 8,146,426	$ 7,502,944
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 491,363	$ 520,513
Accrued expenses	310,498	296,057
Estimated third-party payor settlements	57,528	57,528
Capital lease payable - current	-	7,012
Total current liabilities	$ 859,389	$ 881,110
NET ASSETS		
Invested in capital assets net of related debt	$ 1,959,639	$ 1,598,119
Unrestricted	5,327,398	5,023,715
Total net assets	$ 7,287,037	$ 6,621,834
Total liabilities and net assets	$ 8,146,426	$ 7,502,944

See Notes to Financial Statements.

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Years Ended June 30, 2012 and 2011

	2012	2011
Operating revenues:		
Net patient service revenues (net of provision for bad debts of $630,381 in 2012 and $925,888 in 2011)	$ 10,863,107	$ 10,894,656
Other operating revenues	422,182	481,856
Total operating revenues	$ 11,285,289	$ 11,376,512
Operating expenses:		
Salaries and wages	$ 3,608,289	$ 3,523,677
Professional services	871,807	866,304
Other departmental expenses	6,390,162	6,919,186
Depreciation and amortization	186,738	174,723
Total operating expenses	$ 11,056,996	$ 11,483,890
Operating income (loss)	$ 228,293	$ (107,378)
Non-operating revenues (expenses):		
Ad valorem taxes	$ 272,373	$ 237,205
Realized and unrealized gain on investments	53,224	(8,686)
Interest expense	(3,999)	(1,161)
Investment income	75,865	82,519
Net income from joint venture	32,042	26,981
Non-capital grants	7,405	5,000
Total non-operating revenues (expenses)	$ 436,910	$ 341,858
Excess of revenues over expenses before capital grants	$ 665,203	$ 234,480
Capital grants	-	21,963
Increase in net assets	$ 665,203	$ 256,443
Net assets beginning of year	6,621,834	6,365,391
Net assets end of year	$ 7,287,037	$ 6,621,834

See Notes to Financial Statements.

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2012 and 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from and on behalf of patients	$ 10,351,851	$ 10,779,256
Payments to suppliers and contractors	(7,312,532)	(7,843,167)
Payments to employees	(3,593,848)	(3,492,998)
Other receipts and payments, net	422,279	479,634
Net cash used in operating activities	$ (132,250)	$ (77,275)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Ad valorem taxes	$ 270,840	$ 237,924
Noncapital grants and donations	7,405	5,000
Net cash provided by noncapital financing activities	$ 278,245	$ 242,924
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Interest paid on capital lease obligations	$ (3,999)	$ (1,161)
Principal payments under capital lease obligations	(7,012)	(13,267)
Capital grants and donations	14,038	7,925
Payments for the purchase of property and equipment	(541,246)	(99,109)
Net cash used in capital and related financing activities	$ (538,219)	$ (105,612)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	$ 76,417	$ 85,124
Investment in joint venture	43,552	31,965
Maturities of investments	1,485,034	610,914
Purchases of investments	(1,208,697)	(1,036,293)
Net cash provided by (used in) investing activities	$ 396,306	$ (308,290)
Net increase (decrease) in cash and cash equivalents	$ 4,082	$ (248,253)
Cash and cash equivalents at beginning of year	1,304,846	1,553,099
Cash and cash equivalents at end of year	$ 1,308,928	$ 1,304,846

(Continued)

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT

STATEMENTS OF CASH FLOWS (CONTINUED)
Years Ended June 30, 2012 and 2011

	2012	2011
RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating income (loss)	$ 228,293	$ (107,378)
Adjustments to reconcile operating income to net cash flows provided by operating activities:		
Depreciation and amortization	186,738	174,723
Provisions for bad debts	630,381	925,888
(Increase) decrease in assets-		
Patient accounts receivable	(705,596)	(1,000,342)
Inventories	(23,203)	(17,289)
Prepaid expenses	1,790	7,113
Estimated third-party payor settlements	(436,041)	(40,946)
Other receivables	97	(2,222)
Increase (decrease) in liabilities-		
Accounts payable	(29,150)	(47,501)
Accrued expenses	14,441	30,679
Net cash used in operating activities	$ (132,250)	$ (77,275)

See Notes to Financial Statements.

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Significant Accounting Policies

Organization:

Acadia-St. Landry Hospital Service District (the "Hospital Service District") was established in 1967, by the Acadia and St. Landry Parish Police Juries, by virtue of the authority of Louisiana Revised Statutes (R.S.) 46:1051 et seq. The purpose of the Hospital Service District is to provide health services to Acadia and St. Landry parishes. The Board of Commissioners is appointed by the Acadia and St. Landry Parish Police Juries.

The accompanying basic financial statements of the Hospital Service District have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") applicable to state and local governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting and reporting policies and practices used by the Hospital Service District are described below.

On November 1, 2004, the Hospital Service District converted from an Acute Inpatient Prospective Payment System (IPPS) Hospital to a Critical Access Hospital (CAH). This conversion significantly changed the way the Hospital Service District was being reimbursed for Medicare patients. Under the previous Medicare payment methodology, the Hospital Service District was being paid on a Prospective Payment System (PPS). Under the CAH Medicare payment methodology, the Hospital Service District is paid 101% of its reasonable costs for Medicare purposes, except for Inpatient Psychiatric services which were paid based on a blend of reasonable cost and PPS, subject to various limits and rules up to June 30, 2008. As of June 30, 2009, the Hospital Service District was fully PPS for Inpatient Psychiatric services.

Reporting entity:

As the governing authority of the Parish, for reporting purposes, the Acadia Parish Police Jury is the financial reporting entity for the Hospital Service District. Accordingly, the Hospital Service District was determined to be a component unit of the Acadia Parish Police Jury. The accompanying financial statements present only the Hospital Service District.

Method of accounting:

The Hospital Service District utilizes the proprietary fund method of accounting whereby revenues and expenses are recognized on the accrual method. The Hospital Service District's accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:514 and to the guide set forth in the *Louisiana Governmental Audit Guide,* and the AICPA *Audits of Providers of Health Care Services* published by the American Institute of Certified Public Accountants.

Other significant accounting policies:

Use of estimates -

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 1. Organization and Significant Accounting Policies (Continued)

Cash and cash equivalents -

Cash includes coin, currency, bank demand deposits, and other negotiable instruments that are readily acceptable in lieu of currency. Cash equivalents include time deposits, certificates of deposit, treasury bills and mortgage backed securities purchased with a maturity of three months or less.

Trade receivables and allowance for uncollectible accounts -

Trade receivables are carried at the original billed amount less an estimate made for uncollectible accounts based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for uncollectible accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Trade receivables are written-off when deemed uncollectible. Recoveries of trade receivables previously written-off are recorded when received.

Investments -

Investments in debt and equity securities are reported at fair value except for short-term highly liquid investments that have a remaining maturity at the time they are purchased of one year or less. These investments are carried at amortized cost. Interest, dividends, and gains and losses, both realized and unrealized, on investments in debt and equity securities are included in non-operating revenue when earned.

Investments include certificates of deposit, direct obligations of the U.S. Government and its agencies and commercial paper issued by United States corporations with ratings of at least A-1 (Moody's) and P-1 (Standard and Poor's). It is the Hospital Service District's intention to hold investments to maturity.

Inventories -

Inventories are valued at the latest invoice price which approximates the lower of cost (first-in, first-out method) or market.

Net patient service revenues -

The Hospital Service District has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments.

Net patient service revenues are reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Property, plant, and equipment -

The Hospital Service District records all property, plant, and equipment acquisitions at historical cost, except for assets donated to the Hospital Service District. Donated assets are recorded at fair market value at the date of donation.

Note 1. Organization and Significant Accounting Policies (Continued)

The Hospital Service District provides for depreciation of its plant and equipment using the straight-line method over the estimated useful lives of each class of depreciable assets. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation expense in the financial statements. The following estimated useful lives are generally used:

Building and improvements	15 – 50 years
Equipment	3 – 20 years

Grants and donations -

Revenues from grants and donations (including capital contributions of assets) are recognized when all eligibility requirements, including time requirements, are met. Grants and donations may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as non-operating revenues. Amounts restricted to capital acquisitions are reported after non-operating revenues and expense.

Operating revenues and expenses -

The Hospital Service District's statements of revenues, expenses and changes in net assets distinguishes between operating and non-operating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services, the Hospital Service District's principal activity. Non-exchange revenues, including taxes, grants and contributions received for purposes other than capital asset acquisition, are reported as non-operating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

Income taxes -

The Hospital Service District is a political subdivision and exempt from taxes.

Advertising -

The Hospital Service District expenses advertising cost as incurred. Advertising expense for the years ended June 30, 2012 and 2011 totaled $20,227 and $27,503, respectively.

Risk management -

The Hospital Service District is exposed to various risks of loss from tort; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice; and employee health. Commercial insurance coverage is purchased for claims arising from such matters.

Restricted resources -

When the Hospital Service District has both restricted and unrestricted resources available to finance a particular program, it is the Hospital Service District's policy to use restricted resources before unrestricted resources.

Note 1. Organization and Significant Accounting Policies (Continued)

Environmental matters -

The Hospital Service District is subject to laws and regulations relating to the protection of the environment. The Hospital Service District's policy is to accrue environmental and cleanup related costs of a non-capital nature when it is both probable that a liability has been incurred and when the amount can be reasonably estimated. Although it is not possible to quantify with any degree of certainty, the potential financial impact of the Hospital Service District's continuing compliance efforts, management believes any future remediation or other compliance related costs will not have a material adverse effort on the financial condition or reported results of operations of the Hospital Service District. At June 30, 2012 and 2011, management is not aware of any liability resulting from environmental matters.

Reclassifications -

To be consistent with current year classifications, some items from the previous year have been reclassified with no effect on net assets.

Recent accounting pronouncements -

In August 2010, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2010-23, *Measuring Charity Care for Disclosure*, which provides amended guidance relating to measuring charity care for disclosures. The new guidance requires that the level of charity care provided be presented based on the direct and indirect costs of charity services provided. Separate disclosure of the amount of any cash reimbursements received for providing charity care must also be disclosed. ASU No. 2010-23 became effective for the Hospital Service District on July 1, 2011 and did not effect the Hospital's financial statements.

In August 2010, the FASB also issued ASU No. 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries*. Under ASU No. 2010-24, anticipated insurance recoveries and estimated liabilities for medical malpractice claims or similar contingent liabilities are to be presented separately on the balance sheets. ASU No. 2010-24 is effective for fiscal years beginning after December 15, 2010. ASU No. 2010-24 became effective for the Hospital Service District on July 1, 2011 and did not effect the Hospital's financial statements.

In December 2010 the Governmental Accounting Standards Board "(GASB") issued Statement No. 62 Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the FASB Statements and Interpretations, Accounting Principles Board Opinions and the Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. This Statement also supersedes Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, thereby eliminating the election provided in paragraph 7 of that Statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this Statement. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. The Hospital Service District adopted this Statement early as permitted. The adoption of the Statement had no significant impact on the financial statements.

Note 2. Net Patient Service Revenues

The Hospital Service District has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

- ***Medicare*** – On November 1, 2004, the Hospital Service District converted to a Critical Access Hospital (CAH) with a Distinct Part Psychiatric Unit. Inpatient acute care services and swing bed services rendered to Medicare program beneficiaries are reimbursed at cost plus 1%. Outpatient services are reimbursed at cost plus 1% (subject to limits and rules), while other outpatient laboratory services are reimbursed on a fee schedule. Inpatient Psychiatric services are reimbursed on a blended cost and PPS reimbursement methodology subject to certain limitations.

  The Hospital Service District is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital Service District and audits thereof by the Medicare fiscal intermediary. The Hospital Service District's Medicare cost reports have been settled by the Medicare fiscal intermediary through June 30, 2010.

- ***Medicaid*** – Inpatient services rendered to Medicaid program beneficiaries are reimbursed at prospectively determined rates per day. Certain outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology, subject to certain limits, while other outpatient services are reimbursed on a fee schedule. The Hospital Service District is reimbursed for outpatient services at an interim rate with final settlement determined after submission of annual cost reports by the Hospital Service District and audits thereof by the Medicaid fiscal intermediary. The Hospital Service District's Medicaid cost reports have been settled by the Medicaid fiscal intermediary through June 30, 2008.

During the years ended June 30, 2012 and 2011, approximately 85.0% and 88.5%, respectively, of the Hospital Service District's gross patient service revenues were furnished to Medicare and Medicaid beneficiaries. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates may change by a material amount in the near term. As a result of retroactive adjustments of certain prior year cost reports, the Hospital Service District recorded changes in estimates resulting in a decrease in net patient service revenues of approximately $607 and $14,300 for the years ending June 30, 2012 and 2011, respectively.

The Hospital Service District received $355,750 and $281,200 as interim amounts for Medicaid and self-pay uncompensated care cost for the years ended June 30, 2012 and 2011, respectively, which is approximately 3.3% and 2.6% of net patient service revenue, respectively. These amounts were based on uncompensated care cost incurred in previous years. Current regulations limit uncompensated care cost to actual cost incurred by the Hospital Service District in each state fiscal year. These amounts are subject to audit by Medicaid and any overpayments will be recouped. Management has estimated a reserve liability for the possible recoupment of these uncompensated care cost payments in the amount of $57,528 and $57,528 for 2012 and 2011, respectively. To the extent management's estimate differs from actual results, the differences will be used to adjust income in the period when such differences arise.

Future uncompensated cost payments are dependent upon state appropriations, which require approval by the state legislature. If the state should not fund or substantially change this program, it could have a significant impact on the Hospital Service District's revenue.

The Hospital Service District has entered into payment arrangements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Hospital Service District under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined rates.

Note 3. Deposits and Investments

The Hospital Service District's investing is performed in accordance with investment policies complying with state statutes. Funds may be invested in time deposits, money market investment accounts, or certificates of deposit with financial institutions insured by FDIC; direct obligations of the United States Government and its agencies; investment grade (A-1/P-1) commercial paper of domestic United States corporations; one of the two highest short-term rating categories of either Standards & Poor's Corporation or Moody's Investors Service; and government backed mutual trust funds. All of the securities have fixed maturities and it is the Hospital Service District's intention to hold them until maturity.

The Hospital Service District's investments generally are reported at fair value, as discussed in Note 1. At June 30, 2012 and 2011, the Hospital Service District had the following investments and maturities, all of which were held in the Hospital Service District's name by a custodial bank that is an agent of the Hospital Service District.

June 30, 2012		Investment Maturities (In Years)			
Investment Type	Carrying Amount	Less Than 1	1 - 5	6 - 10	More Than 10
Federal Farm Credit Bank	$ 570,155	$ -	$ 247,613	$322,542	$ -
Federal Home Loan Bank	210,484	-	-	-	210,484
Federal Home Loan Mortgage	522,057	70,088	330,701	121,268	-
Federal Nat'l Mortgage Assoc.	118,365	-	118,365	-	-
U.S. Treasuries	754,294	-	528,414	225,880	-
Fixed Income Funds	-	-	-	-	-
Total	$2,175,355	$ 70,088	$1,225,093	$669,690	$210,484

June 30, 2011		Investment Maturities (In Years)			
Investment Type	Carrying Amount	Less Than 1	1 - 5	6 - 10	More Than 10
Federal Farm Credit Bank	$ 537,616	$ -	$ 241,881	$295,735	$ -
Federal Home Loan Bank	312,803	70,296	-	27,252	215,255
Federal Home Loan Mortgage	567,492	-	453,664	113,828	-
Federal Nat'l Mortgage Assoc.	303,146	-	101,085	202,061	-
U.S. Treasuries	167,473	-	167,473	-	-
Fixed Income Funds	509,938	509,938	-	-	-
Total	$2,398,468	$ 580,234	$ 964,103	$638,876	$215,255

Interest Rate Risk – The Hospital Service District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates.

Note 3. Deposits and Investments (Continued)

Credit Risk – Statutes authorize the Hospital Service District to invest in obligations of the U.S. Treasury, agencies and instrumentalities, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and banker's acceptances. The Hospital Service District's investments in the Federal Home Loan Bank, Federal National Mortgage Association, Federal Home Loan Mortgage, and Federal Farm CR Bank were rated AA+ by Standard and Poor's and AAA by Moody's Investor Services at June 30, 2012 and these were rated AA+ by Standard and Poor's and AAA by Moody's Investor Services at June 30, 2011. The Hospital Service District's investments in fixed income funds and money market funds are not rated.

Concentration of Credit Risk – The Hospital Service District places no limit on the amount it may invest in any one issuer. More than 5% of the Hospital Service District's investments at June 30, 2012 and 2011 are invested in the Federal Agency Bonds. At June 30, 2012, the Hospital Service District has 26.2% of its investments in Federal Farm Credit Bank, 9.7% in Federal Home Loan Bank, 24% in Federal Home Loan Mortgage, and 5.4% in Federal National Mortgage Association. At June 30, 2011, the Hospital Service District has 22.4% of its investments in Federal Farm Credit Bank, 13% in Federal Home Loan Bank, 23.7% in Federal Home Loan Mortgage, and 12.6% in Federal National Mortgage Association.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Hospital Service District's deposits may not be returned to it. State law requires collateralization of all deposits with federal depository insurance and other acceptable collateral in specific amounts. The Hospital Service District policy requires that all bank balances be insured or collateralized by the financial institution to pledge their own securities to cover any amount in excess of Federal Depository Insurance Coverage. The Hospital Service District's deposits were entirely insured or entirely collateralized by securities held by the pledging bank's trust department in the Hospital Service District's name at June 30, 2012 and 2011.

The carrying amounts of deposits and investments included in the Hospital Service District's balance sheets are as follows:

	2012	2011
Carrying amount:		
Deposits	$ 1,308,928	$ 1,304,846
Investments	2,175,355	2,398,468
	$ 3,484,283	$ 3,703,314
Included in the following balance sheet captions:		
Cash and cash equivalents	$ 1,308,928	$ 1,304,846
Short-term investments	70,088	580,234
Other long-term investments	2,105,267	1,818,234
	$ 3,484,283	$ 3,703,314

Note 4. Accounts Receivable

Patient accounts receivable reported as current assets by the Hospital Service District at June 30, 2012 and 2011 consisted of these amounts:

Patient Accounts Receivable	2012	2011
Receivable from patients and their insurance carriers	$ 698,206	$ 728,235
Receivable from Medicare	929,846	1,019,960
Receivable from Medicaid	342,939	182,581
Total patient accounts receivable	$ 1,970,991	$ 1,930,776
Less allowance for uncollectible amounts	(610,000)	(645,000)
Patient accounts receivable, net	$ 1,360,991	$ 1,285,776

Note 5. Ad Valorem Taxes

The Hospital Service District's property tax is levied by the parish on the taxable real property in the district in late October of each year. Bills are sent out in November of each year, at which time the Hospital Service District records the tax revenue, and become a lien in the following March. The taxes are based on assessed values determined by the Tax Assessor and are collected by the Sheriff. The Hospital Service District levied 7.67 and 6.79 mills for the fiscal years ended 2012 and 2011, respectively.

For the years ended June 30, 2012 and 2011, property tax revenues totaled $272,373 and $237,205, net of pension deductions, respectively.

Note 6. Concentrations of Credit Risk

The Hospital Service District grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at June 30, 2012 and 2011 was as follows:

	2012	2011
Medicare	57.3 %	52.8 %
Medicaid	21.1 %	9.5 %
Other third-party payors	17.8 %	21.8 %
Patients	3.8 %	15.9 %
	100.0 %	100.0 %

Note 7. Estimated Third-Party Settlements

The following is a schedule of estimated third-party payor settlements (payable) receivable:

June 30, 2012: Cost Report Year	Medicare	Medicaid	UCC	Total
2009	$ -	$ 20,727	$ -	$ 20,727
2010	-	14,420	(57,528)	(43,108)
2011	-	31,154	-	31,154
2012	858,640	97,844	-	956,484
Totals	$ 858,640	$ 164,145	$ (57,528)	$ 965,257

June 30, 2011: Cost Report Year	Medicare	Medicaid	UCC	Total
2009	$ 13,385	$ 20,727	$ -	$ 34,112
2010	(2,750)	14,420	(57,528)	(45,858)
2011	474,552	66,410	-	540,962
Totals	$ 485,187	$ 101,557	$ (57,528)	$ 529,216

Note 8. Capital Assets

Capital asset additions, retirements, and balances for the years ended June 30, 2012 and 2011 were as follows:

	Balance June 30, 2011	Additions	Retirements	Balance June 30, 2012
Land	$ 120,025	$ -	$ -	$ 120,025
Land improvements	38,705	-	-	38,705
Buildings and improvements	2,861,438	33,735	-	2,895,173
Construction in progress	4,522	459,357	-	463,879
Equipment	2,411,821	48,154	-	2,459,975
Total historical cost	$ 5,436,511	$ 541,246	$ -	$ 5,977,757
Less accumulated depreciation for:				
Land improvements	$ (37,869)	$ (122)	$ -	$ (37,991)
Buildings and improvements	(1,878,214)	(77,756)	-	(1,955,970)
Equipment	(1,915,297)	(108,860)	-	(2,024,157)
Total depreciation	$ (3,831,380)	$ (186,738)	$ -	$ (4,018,118)
Capital assets, net	$ 1,605,131	$ 354,508	$ -	$ 1,959,639

Note 8. Capital Assets (Continued)

	Balance June 30, 2010	Additions	Retirements	Balance June 30, 2011
Land	$ 120,025	$ -	$ -	$ 120,025
Land improvements	38,705	-	-	38,705
Buildings and improvements	2,845,055	16,383	-	2,861,438
Construction in progress	-	4,522	-	4,522
Equipment	2,333,617	78,204	-	2,411,821
Total historical cost	$ 5,337,402	$ 99,109	$ -	$ 5,436,511
Less accumulated depreciation for:				
Land improvements	$ (37,747)	$ (122)	$ -	$ (37,869)
Buildings and improvements	(1,801,849)	(76,365)	-	(1,878,214)
Equipment	(1,817,061)	(98,236)	-	(1,915,297)
Total depreciation	$ (3,656,657)	$ (174,723)	$ -	$ (3,831,380)
Capital assets, net	$ 1,680,745	$ (75,614)	$ -	$ 1,605,131

Depreciation expense for the years ended June 30, 2012 and 2011 amounted to $186,738 and $174,723, respectively. Accumulated amortization for equipment under capital lease obligations was $40,401 and $32,942 at June 30, 2012 and 2011, respectively.

Note 9. Compensated Absences

Effective February 2002, full-time employees accrued four (4) hours of paid time off (PTO) per pay period, while part-time employees accrued PTO at a rate of four (4) percent of total hours worked per pay period until April of 2006. On that date, full-time employees with years of service of one (1) to five (5) years began accruing 5.23 hours of PTO per pay period, while full-time employees with years of service of five (5) or more years began accruing 6.77 hours of PTO per pay period. Part-time employees accrue PTO at a rate of four (4) percent of total hours worked per pay period and may accumulate up to a maximum of 300 PTO hours. Full-time employees may accumulate PTO hours to a maximum of 350 hours. When the employee reaches the maximum, further accumulation is ceased until PTO time is used; there is no cash option associated with this maximum bank. It is impracticable to estimate the amount of compensation for future unvested sick pay and, accordingly, no liability has been recorded in the accompanying financial statements. The Hospital Service District's policy is to recognize the cost of unvested sick pay when actually paid to employees.

Accrued compensated absences, which are included in accrued expenses, at June 30, 2012 and 2011 totaled $158,838 and $152,345, respectively.

Note 10. Long-Term Liabilities

A schedule of changes in the Hospital Service District's non-current liabilities for 2012 and 2011 follows:

	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012	Amounts Due Within One Year
Capital lease obligations:					
FCR Carbon XL	$ 7,012	$ -	$ (7,012)	$ -	$ -

	Balance June 30, 2010	Additions	Reductions	Balance June 30, 2011	Amounts Due Within One Year
Capital lease obligations:					
FCR Carbon XL	$ 20,279	$ -	$ (13,267)	$ 7,012	$ 7,012

During the fiscal year 2007, the Hospital Service District entered into a capital lease obligation for tele-radiology equipment. The total cost of the equipment was $59,688, with accumulated depreciation of $40,401 and $32,942 as of June 30, 2012 and 2011, respectively. Quarterly payments are $3,605, with an interest rate of 7.5%.

Note 11. Operating Leases

The Hospital Service District leases various equipment under operating leases expiring at various dates through 2017. Total rental expense for the years ended June 30, 2012 and 2011 for all operating leases was approximately $401,545 and $384,088, respectively.

The following is a schedule by year of future minimum lease payments under operating leases that have initial or remaining lease terms in excess of one year:

Years Ending June 30,	Amount
2013	$ 320,101
2014	293,447
2015	182,915
2016	38,672
2017	35,449
Total	$ 870,584

Note 12. Joint Venture

In July 1999, the Hospital Service District entered into a joint venture with Acadian Homecare, Inc., to form Acadia-St. Landry Hospital Home Health, L.L.P., in order to provide home health services to the patients of the Hospital Service District. The agreement provided that the Hospital Service District was to have a 50% participation in the joint venture for the period July 2003 to September 30, 2003. Effective October 1, 2003, the Hospital Service District renegotiated the contract with Acadian Homecare, Inc. whereby the 50% participation was reduced to a 33% participation. In October of 2009, the Hospital Service District sold 18% of its participation in Acadian Homecare, Inc. for $282,218, reducing its participation to 15%. During the current fiscal year the Hospital Service District sold its remaining 15% participation for $32,958. The Hospital Service District's equity interest in the joint venture was $0 and $11,510 at June 30, 2012 and 2011, respectively. The Hospital Service District recognized revenue related to the joint venture in the amount of $32,042 and $26,981 in 2012 and 2011, respectively. The Hospital Service District leased office space, furniture, fixtures, and equipment to the joint venture for $30,186 and $36,804 in 2012 and 2011, respectively. Complete financial statements for the joint venture can be obtained upon request.

Note 13. Professional and General Liability Risk

The Hospital Service District participates in the Louisiana Patient's Compensation Fund established by the State of Louisiana to provide medical professional coverage to healthcare providers. The fund provides for $400,000 in coverage per occurrence above the first $100,000 for which the Hospital Service District is at risk. The fund places no limitation on the number of occurrences covered. In connection with the establishment of the Patient's Compensation Fund, the State of Louisiana enacted legislation limiting the amount of healthcare provider settlement for professional liability to $100,000 per occurrence and limiting the Patient's Compensation Fund's exposure to $400,000 per occurrence.

The Hospital Service District has acquired additional coverage for professional medical malpractice and general liability through the Louisiana Hospital Association Trust Fund by purchasing a claims-made policy. Losses on medical malpractice and general liability claims are estimated based on deductibles and claims in excess of per-claim or aggregate coverage and incurred but not reported during the claim year. These estimates reflect the Hospital Service District's best estimates of the ultimate costs of reported and unreported claims, using the Hospital Service District's past experience, industry experience, and identified asserted claims and reported incidents. No provision for losses on medical malpractice and general liability claims are recorded based on management's estimates that these matters will be resolved without material adverse effect on the Hospital Service District's future financial position or results from operations.

Note 14. Contingencies

The Hospital Service District evaluates contingencies based upon the best available evidence. The Hospital Service District believes that no loss contingencies are considered necessary. To the extent that resolution of contingencies results in amounts which vary from the Hospital Service District's estimates, future earnings will be charged or credited.

The principle contingencies are described below:

Third-Party Government Revenues (Note 2) – Cost reimbursements are subject to examination by agencies administering the programs. The Hospital Service District is contingently liable for retroactive adjustments made by the Medicare and Medicaid programs as the result of their examinations as well as retroactive changes in interpretations applying statutes, regulations, and general instructions of those programs. The amount of such adjustments cannot be determined.

Note 14. Contingencies (Continued)

The healthcare industry is subject to numerous laws and regulations of Federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government program participating requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the Hospital Service District is in compliance with fraud and abuse statutes as well as other applicable governmental laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

The Patient Protection and Affordable Care Act (PPACA), was signed into law on March 23, 2010. In addition, the Health Care and Education Affordability Reconciliation Act (Reconciliation Act), which contains a number of amendments to the PPACA, was signed into law on March 30, 2010. These healthcare bills (collectively, the "Reform Legislation") seek to increase the number of persons with access to health insurance coverage. The reform Legislation makes a number of other changes to Medicare and Medicaid, such as reductions to the annual market basket update for federal fiscal years 2010 through 2019, a productivity offset to the market basket update beginning October 1, 2011, and a reduction to disproportionate share payments. The various provisions in the Reform Legislation that directly or indirectly affect reimbursement are scheduled to take effect over a number of years.

Also included in the Reform Legislation are provisions aimed at reducing fraud, waste, and abuse in the healthcare industry. These provisions allocate significant additional resources to federal enforcement agencies and expand the use of private contractors to recover potentially inappropriate Medicare and Medicaid payments. The Reform Legislation amends several existing federal laws, including the Medicare Anti-Kickback Statute and the False Claims Act, making it easier for government agencies and private plaintiffs to prevail in lawsuits brought against healthcare providers. These amendments also make it easier for potentially severe fines and penalties to be imposed on healthcare providers accused of violating applicable laws and regulations.

Management cannot predict the impact of the Reform Legislation may have on the Hospital's financial position, results of operations, changes in net assets, or cash flows.

Litigation and Other Matters - The Hospital Service District is involved in litigation and regulatory investigations arising in the course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the Hospital Service District's future financial position or results from operations.

Note 15. Grant – Rural Hospital Upper Payment Limit (UPL)

The Hospital routinely provides a substantial amount of uncompensated care to patients in its service area. To receive adequate reimbursement for the essential health care services provided to disadvantaged and low income populations, the Hospital entered into a grant distribution cooperative endeavor agreement with Building Healthy Communities, Inc. (BHC).

Under this agreement, BHC has agreed to cooperate in the establishment of a funding program by contributing a portion of the Upper Payment Limit (UPL) payments that result from Medicaid State Plan Amendments (SPA) to rural hospitals, including Acadia-St. Landry Hospital Service District. The purpose of the UPL payments is to help ensure adequate and essential healthcare services are accessible and available to low-income and/or indigent citizens.

For the years ended June 30, 2012 and 2011, the Hospital Service District received grants of $283,126 and $391,895 under this agreement, which is recognized as grant revenue in other operating revenues in the accompanying statements of revenues, expenses and changes in net assets. As a condition of the grant agreement, the Hospital Service District, along with the other participating hospitals, has agreed to indemnify the grantors for claims that may arise out of this grant agreement.

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SUPPLEMENTARY INFORMATION

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT

SCHEDULES OF NET PATIENT SERVICE REVENUES
Years Ended June 30, 2012 and 2011

	2012	2011
Gross patient direct services	$ 13,472,925	$ 15,655,574
Less:		
Contractual allowances	$ (1,124,285)	$ (3,110,430)
Provision for uncollectible accounts	(630,381)	(925,888)
Discounts	(501,402)	(443,400)
Uncompensated care reimbursement	(353,750)	(281,200)
Total contractual allowances, discounts, and uncollectible accounts	$ (2,609,818)	$ (4,760,918)
Net patient service revenues	$ 10,863,107	$ 10,894,656

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT

SCHEDULES OF OTHER OPERATING REVENUES
Years Ended June 30, 2012 and 2011

	2012	2011
Cafeteria	$ 12,648	$ 11,962
Vending machine commissions	3,282	2,942
Rent income	60,340	65,955
Medical record income	4,438	4,333
Grant - Rural Hospital UPL	283,126	391,895
Miscellaneous	58,348	4,769
Total other operating revenues	$ 422,182	$ 481,856

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ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT

SCHEDULES OF OPERATING REVENUES AND EXPENSES
Years Ended June 30, 2012 and 2011

	2012	2011
Direct operating revenues	$ 13,472,925	$ 15,655,574
Direct operating expenses	7,541,471	8,232,492
Excess of direct operating revenues over direct operating expenses	$ 5,931,454	$ 7,423,082
Contractual allowances, discounts, and uncollectible accounts	2,609,818	4,760,918
Net excess of direct operating revenues over direct operating expenses	$ 3,321,636	$ 2,662,164
General operating expenses:		
General services	$ 1,196,694	$ 1,087,953
Financial and administrative services	2,132,093	1,988,722
Total general operating expenses	$ 3,328,787	$ 3,076,675
Other operating revenues	$ 422,182	$ 481,856
Other operating expenses:		
Depreciation and amortization	$ 186,738	$ 174,723
Excess (deficiency) of operating revenues over operating expenses	$ 228,293	$ (107,378)

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT

SCHEDULES OF DEPARTMENTAL DIRECT
OPERATING REVENUES AND EXPENSES
Years Ended June 30, 2012 and 2011

	Inpatient Revenues		Outpatient Revenues	
	2012	2011	2012	2011
Direct services:				
Anesthesiology	$ -	$ -	$ -	$ -
Central Supply	725,728	862,534	207,109	218,965
CT Scan	27,767	63,306	650,952	634,001
Daily patient services	581,456	757,514	-	-
EEG physician fees	585	1,755	1,170	4,095
Electrocardiology	7,140	9,450	42,070	43,190
Emergency room	14,165	14,095	371,422	347,018
Emergency room physician	11,533	13,522	497,379	436,336
Kidmed	-	-	10,215	10,193
Laboratory	343,150	407,067	1,578,150	1,463,162
MRI	5,171	2,120	39,089	38,217
Nuclear medicine	6,082	13,290	4,896	4,292
Occupational therapy	101,878	115,493	16,292	19,412
Operating room and Gastro	2,933	13,911	105,932	101,398
Other	1,675	2,125	2,445	3,060
Pharmacy	1,006,465	1,195,983	252,070	236,191
Physical therapy	115,068	135,757	190,729	115,057
Psychiatric therapy group	-	-	3,955,363	5,552,088
Psychiatric unit	1,776,122	1,854,883	-	100
Radiology	28,019	38,882	256,615	277,773
Respiratory therapy	258,986	310,586	38,568	25,984
Speech therapy	33,396	45,504	21,132	18,940
Ultrasound	40,815	81,339	143,193	166,986
Total direct services	$ 5,088,134	$ 5,939,116	$ 8,384,791	$ 9,716,458

Total Direct Revenues		Direct Operating Expenses		Excess (Deficiency) of Direct Revenues Over Direct Operating Expenses	
2012	2011	2012	2011	2012	2011
$ -	$ -	$ 1,772	$ 1,400	$ (1,772)	$ (1,400)
932,837	1,081,499	173,634	201,461	759,203	880,038
678,719	697,307	190,648	193,105	488,071	504,202
581,456	757,514	1,763,440	1,884,222	(1,181,984)	(1,126,708)
1,755	5,850	-	-	1,755	5,850
49,210	52,640	149	2,982	49,061	49,658
385,587	361,113	52,571	74,739	333,016	286,374
508,912	449,858	726,973	722,363	(218,061)	(272,505)
10,215	10,193	2,674	1,204	7,541	8,989
1,921,300	1,870,229	857,334	797,330	1,063,966	1,072,899
44,260	40,337	44,266	39,078	(6)	1,259
10,978	17,582	4,953	9,158	6,025	8,424
118,170	134,905	81,770	105,027	36,400	29,878
108,865	115,309	4,450	1,162	104,415	114,147
4,120	5,185	-	-	4,120	5,185
1,258,535	1,432,174	596,526	639,404	662,009	792,770
305,797	250,814	163,093	135,493	142,704	115,321
3,955,363	5,552,088	1,316,819	1,738,838	2,638,544	3,813,250
1,776,122	1,854,983	1,013,409	1,103,838	762,713	751,145
284,634	316,655	233,098	264,266	51,536	52,389
297,554	336,570	211,071	192,654	86,483	143,916
54,528	64,444	39,366	40,528	15,162	23,916
184,008	248,325	63,455	84,240	120,553	164,085
$ 13,472,925	$ 15,655,574	$ 7,541,471	$ 8,232,492	$ 5,931,454	$ 7,423,082

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT

SCHEDULES OF DEPARTMENTAL DIRECT
AND GENERAL OPERATING EXPENSES
Years Ended June 30, 2012 and 2011

	Salaries		Professional Fees	
	2012	2011	2012	2011
Direct services:				
Anesthesiology	$ -	$ -	$ -	$ -
Central supply	27,048	26,894	-	-
CT Scan	-	-	-	1,340
Daily patient services	1,597,964	1,649,451	56,400	53,844
Electrocardiology	-	-	-	-
Emergency room	-	-	-	-
Emergency room physicians	-	-	726,973	722,363
Kidmed	-	-	-	-
Laboratory	386,951	350,898	18,045	26,900
MRI	-	-	44,266	39,078
Nuclear medicine	-	-	-	-
Occupational therapy	-	-	-	-
Operating room and Gastro	-	-	-	-
Pharmacy	185,939	168,311	-	-
Physical therapy	-	-	-	-
Psychiatric therapy group	-	-	-	-
Psychiatric unit	-	-	-	-
Radiology	196,015	200,177	-	-
Respiratory therapy	150,288	126,567	6,000	6,000
Speech therapy	-	-	-	-
Ultrasound	-	-	-	-
Total direct services	$ 2,544,205	$ 2,522,298	$ 851,684	$ 849,525
General services:				
Dietary	$ 162,063	$ 145,909	$ -	$ -
Housekeeping	103,555	94,244	-	-
Laundry and linen	-	-	-	-
Plant engineering	178,474	153,320	-	-
Total general services	$ 444,092	$ 393,473	$ -	$ -
Subtotals forward	$ 2,988,297	$ 2,915,771	$ 851,684	$ 849,525

Other Expenses		Total	
2012	2011	2012	2011
$ 1,772	$ 1,400	$ 1,772	$ 1,400
146,586	174,567	173,634	201,461
190,648	191,765	190,648	193,105
109,076	180,927	1,763,440	1,884,222
149	2,982	149	2,982
52,571	74,739	52,571	74,739
-	-	726,973	722,363
2,674	1,204	2,674	1,204
452,338	419,532	857,334	797,330
-	-	44,266	39,078
4,953	9,158	4,953	9,158
81,770	105,027	81,770	105,027
4,450	1,162	4,450	1,162
410,587	471,093	596,526	639,404
163,093	135,493	163,093	135,493
1,316,819	1,738,838	1,316,819	1,738,838
1,013,409	1,103,838	1,013,409	1,103,838
37,083	64,089	233,098	264,266
54,783	60,087	211,071	192,654
39,366	40,528	39,366	40,528
63,455	84,240	63,455	84,240
$ 4,145,582	$ 4,860,669	$ 7,541,471	$ 8,232,492
$ 192,904	$ 197,678	$ 354,967	$ 343,587
43,424	42,466	146,979	136,710
38,407	45,272	38,407	45,272
477,867	409,064	656,341	562,384
$ 752,602	$ 694,480	$ 1,196,694	$ 1,087,953
$ 4,898,184	$ 5,555,149	$ 8,738,165	$ 9,320,445

(continued)

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT

SCHEDULES OF DEPARTMENTAL DIRECT
AND GENERAL OPERATING EXPENSES (CONTINUED)
Years Ended June 30, 2012 and 2011

	Salaries		Professional Fees	
	2012	2011	2012	2011
Subtotals forwarded	$ 2,988,297	$ 2,915,771	$ 851,684	$ 849,525
Financial and administrative services:				
Accounting	$ 42,026	$ 36,130	$ -	$ -
Administration	188,014	177,902	20,123	16,779
Business office	229,113	254,588	-	-
Medical records	117,519	114,487	-	-
Risk management	43,320	24,799	-	-
Payroll taxes	-	-	-	-
Employee benefits	-	-	-	-
Other general and administrative expenses	-	-	-	-
Total financial and administrative services	$ 619,992	$ 607,906	$ 20,123	$ 16,779
Total direct operating expenses	$ 3,608,289	$ 3,523,677	$ 871,807	$ 866,304

Other Expenses		Total	
2012	2011	2012	2011
$ 4,898,184	$ 5,555,149	$ 8,738,165	$ 9,320,445
$ 1,865	$ 1,390	$ 43,891	$ 37,520
69,429	51,987	277,566	246,668
52,643	50,042	281,756	304,630
15,400	14,085	132,919	128,572
257	108	43,577	24,907
277,908	263,179	277,908	263,179
582,398	490,142	582,398	490,142
492,078	493,104	492,078	493,104
$ 1,491,978	$ 1,364,037	$ 2,132,093	$ 1,988,722
$ 6,390,162	$ 6,919,186	$ 10,870,258	$ 11,309,167

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT

SCHEDULES OF BOARD FEES
Years Ended June 30, 2012 and 2011

Board Members	2012	2011
Benjamin Bellard	$ 320	$ 360
Myra Lewis	240	280
Nicholas Bellard	200	320
Claire Jackson	280	320
Roger Boudreaux	360	320
Michael Williams, M.D.	360	280

The schedule of compensation paid to the Board of Commissioners is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Legislature. In accordance with Louisiana Revised Statute 46:1053(C)(2)(a), the Hospital Service District's Board Members receive $40 for each day of attendance at meetings of the commission, not to exceed 12 meetings per year.

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Retired:
Sidney L. Broussard, CPA 1925-2005
Leon K. Poché, CPA 1984
James H. Breaux, CPA 1987
Erma R. Walton, CPA 1988
George A. Lewis, CPA 1992
Geraldine J. Wimberley, CPA 1995
Lawrence A. Cramer, CPA 1999
Ralph Friend, CPA 2002
Donald W. Kelley, CPA 2005
George J. Trappey, III, CPA 2007
Terrel P. Dressel, CPA 2007
Herbert Lemoine II, CPA 2008
Mary T. Miller, CPA 2011

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Commissioners
Acadia-St. Landry Hospital Service District
Church Point, Louisiana

We have audited the basic financial statements of the Acadia-St. Landry Hospital Service District as of and for the year ended June 30, 2012, and have issued our report thereon dated December 26, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Acadia-St. Landry Hospital Service District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Acadia-St. Landry Hospital Service District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Acadia-St. Landry Hospital Service District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Acadia-St. Landry Hospital Service District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Acadia-St. Landry Hospital Service District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as described above.

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* A Professional Accounting Corporation

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Acadia-St. Landry Hospital Service District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

This report is intended solely for the information and use of management, the Board of Commissioners, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Broussard, Poché, Lewis & Breaux LLP.

Crowley, Louisiana
December 26, 2012

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2012

We have audited the basic financial statements of Acadia-St. Landry Hospital Service District as of and for the year ended June 30, 2012, and have issued our report thereon dated December 26, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the basic financial statements as of and for the year ended June 30, 2012, resulted in an unqualified opinion.

Section I. Summary of Auditor's Reports

Report on Internal Control and Compliance Material to the Financial Statements

Internal Control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Control deficiency(ies) identified that we do not consider to be material weaknesses ☐ Yes ☒ None reported

Noncompliance material to financial statements noted ☐ Yes ☒ No

Was a management letter issued ☐ Yes ☒ No

Section II. Financial Statement Findings

No matters were reported.

Section III. Federal Award Findings and Questioned Costs

This year's report does not include any federal awards.

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT

SCHEDULE OF PRIOR YEAR FINDINGS
Year Ended June 30, 2012

THIS SCHEDULE HAS BEEN PREPARED BY MANAGEMENT

Section I. Financial Statement Findings

2010-1 – Leases

Finding: In accordance with R.S. 39:1410.60, all leases require approval from the State Bond Commission in which debt is incurred. The State Bond Commission does not consider leases of movables or installment purchases to be debt if the lease or installment purchase contains a non-appropriation clause and does not contain an anti-substitution clause or penalty. The Hospital Service District entered into an operating lease for movable equipment which did not comply with R.S. 39:1410.60 by not containing a non-appropriation and no approval was obtained from the State Bond Commission.

Recommendation: The Hospital Service District needs to comply with R.S. 39:1410.60 when entering into leases or installment purchases for movable equipment. The Hospital Service District should amend operating leases to include a non-appropriation clause and remove any anti-substitution clause to comply with R.S. 39:1410.60.

Current Status: RESOLVED - The Hospital Service District has set up a process to ensure that all operating leases contain a non-appropriation clause and omit an anti-substitution clause. The Hospital Service District has amended all operating leases still in effect to be in accordance with R.S. 39:1410.60.

2011-1 – Inventory Valuation

Finding: During the audit, we noted numerous items in the central supply inventory count listings used for inventory counts contained costing and quantity errors. The prices noted on the central supply inventory count sheets did not represent the cost of items in inventory at year-end and the quantities had variances from the counts performed.

Recommendation: An overall accurate inventory balance is comprised of two major components. The first component is proper quantities of goods in inventory and the second is accurate inventory costing. We recommend that the Chief Financial Officer ensure that processes are in place to obtain accurate ending central supply inventory counts and the central supply inventory count sheets used in central supply inventory counts represent the actual cost of the items in central supply inventory at year-end. This can be done by using current invoice costs

Current Status: RESOLVED - The Hospital Service District has implemented procedures in order to obtain an accurate central supply inventory count at year-end and obtain actual cost of items in central supply inventory.

Section II. Federal Award Finding and Questioned Costs

Not applicable.

Section III. Management Letter

The prior year's report did not include a management letter